

**ACQUISITION MANAGEMENT
HARPERS FERRY CENTER
ADMINISTRATIVE GUIDELINE NUMBER 4
PROCEDURES FOR USE OF THE THIRD-PARTY DRAFT
PAYMENT SYSTEM FOR SMALL PURCHASES
MARCH 2006**

I. BACKGROUND

The Third-Party Draft Payment System provides a method for making payments by check for products and services of \$2,500 or less when use of a Government Charge Card is not possible. The current contract is held by JP Morgan Chase, effective February 9, 2005 through February 8, 2010. This system has been implemented at the Harpers Ferry Center in accordance with the Department of Treasury Management Letter Number 88, Treasury Financial Manual, Volume I, Part 4, Chapter 3000, and the National Park Service Third-Party Draft Payment System, Policy and Procedures dated August 1996.

II. PURPOSE

The purpose of this Administrative Guideline is to provide procedures for payment of small purchases of \$2,500 or less with a third-party draft when no other method of purchase or payment is feasible.

III. POLICY

All efforts should be made to use the Government Charge Card for purchasing products or services \$2,500 or less, before entering into a personal cash purchase where reimbursement by third-party draft will be required. Third-party drafts are rarely written to reimburse an employee for an out-of-pocket purchase.

Third-party drafts for products and services are written weekly. All reimbursements must be claimed within the three-month quarter in which the purchase was made. No reimbursements will be made after that quarter has lapsed. (Example: A purchase made in February will not be reimbursed in April. It must be reimbursed before the end of March or you will not be paid.)

In order to receive reimbursement for *select* small purchases or to pay for a product or service using a third-party draft, a Purchase Request (PR) with the proper justification(s) must first be created in Procurement Desktop, approved by a supervisor, and routed through the Office of Programs and Budget to the Office of Acquisition Management. The PR will be assigned to the Purchasing Agent. All PRs for small purchases to be paid by third-party draft must have original receipts. These receipts should be sent to the Office of Acquisition Management, Attention: Pam Blaylock, in a blue envelope and must not include payment of any state or federal taxes. Reimbursement will not include any taxes invoiced or paid.

The third-party draft acts exactly like a check, which can be converted to cash at any bank which accepts drafts. Our local bank, Bank of Charles Town, Harpers Ferry Branch, accepts these drafts.

IV. **LOGS AND REPORTS**

Monthly third-party draft logs are kept and posted at the end of each month onto the HFC public drive in the folder entitled “Third-Party Drafts – Purchase”. They are listed by check number and include the vendor’s name, the check amount, and the account number. The figures on the log do not include the cost of the draft itself, which is also charged to the account as follows:

March 1, 2005 through February 28, 2006	\$1.29
March 1, 2006 through February 28, 2007	\$1.35
March 1, 2007 through February 29, 2008	\$1.42
March 1, 2008 through February 28, 2009	\$1.49
March 1, 2009 through February 28, 2010	\$1.57

The Accounting Operations Center in Reston, Virginia, requires a report at the end of each calendar year. The report lists all vendors that have received payment(s) totaling \$600.00 or more for the entire year. This is reported to the Internal Revenue Service.

V. **THIRD-PARTY DRAFT SYSTEM USES AND RESTRICTIONS**

Harpers Ferry Center’s third-party drafts are generally written to pay for media use-rights. On rare occasion, they may also be used to reimburse expenditures that cannot be put on a Government Charge Card.

Examples of purchases where reimbursement by a third-party draft **cannot** be made are:

- Carrier Services (Federal Express, Airborne, etc.);
- Film purchase and/or development;
- Office equipment;
- Furniture or other office furnishings;
- ADP supplies including diskettes, paper, ribbons, and software;
- Office supply items which are available through GSA;
- Food, office parties, luncheons;
- Postage of any type;
- Training or training supplies (absent an authorized Training Agreement form);
- Subscriptions/Books (absent approval from Library & Archival Services);
- Tools of any kind;
- Items such as briefcases, day timers, and business cards; and
- Non-personal services of any nature including machine repairs, office rehabilitation, court reporting or investigative services, attorneys, physicians, instructors, or other service-type activities.

If you have any questions regarding the appropriateness of a purchase or method of payment, you should verify the action with the Purchasing Agent, Pam Blaylock, at extension 6238, prior to making expenditure from your personal fund. If Pam is not available, Beverly Rinaldi-Alt, at extension 6237, can assist with any questions.